

Partnership

A Range of Opportunities

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Crusader 155mm Gun Development Partnership

- United Defense is responsible for all systems
 - no “GFE”
- We selected the XM 297 solid propellant cannon developed by ARDEC
 - completing development under our direction
 - Crusader PM funds ARDEC efforts directly
 - prototype gun production a combination of Watervliet Arsenal, Rock Island Arsenal and United Defense
- Despite technical challenges, gun is on schedule
 - has fired 40Km
 - meeting 10+ rounds/min rate of fire

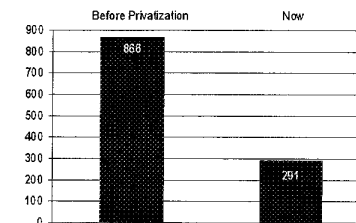
DD 21 155mm Gun

- Private Industry is leading the development of the ships and all systems
 - “no GFE”
- Navy agreed to one core group, headed by United Defense, to develop the gun for both teams
- United Defense will design and produce the gun
- Various Navy Labs will provide support, funded directly by us
- Includes control of projectile/propellant development to allow system optimization

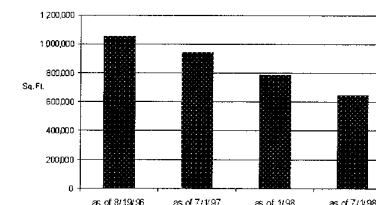
Louisville Privatization

- Overhaul of 5" Guns
- Gun Barrel Production
- Team includes Navy ISEA and LRA
- Raytheon Privatized Separate Product
- Doubled Productivity
- Better Quality and Safety Record
- Consolidated into Less Space
- ISO 9001 certified
- Excellent Award Fee Scores
- But Navy Orders are Lower...
- Now Moving Additional Work to Louisville

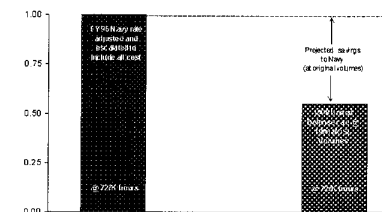
Employment



Floor Space Consolidation



Hourly Charge Rate



Key Operating Mechanisms

- United Defense - ARDEC Memorandum of Agreement for Crusader Cannon Development
- DD 21 Teaming Agreement
- Louisville Privatization Agreement

Lessons Learned

- No One Best Way:
 - A range of models can produce successful results
 - Partnership can make the best use of scarce technical resources
- Biggest obstacles are Fear and Mistrust
 - Rice-bowl issues still exist
 - Must reconcile different ways of doing things
- The Cure: focus on who is the Real Customer, and what are their real needs
- Privatization has its own lessons learned
 - “This is a Political Event”

